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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268–0001

ANNUAL COMPLIANCE REVIEW, 2019

Docket No. ACR2019

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO QUESTIONS 1-41 OF CHAIRMAN'S INFORMATION REQUEST NO. 4

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 4, issued on January 17, 2020. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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1. Please identify all negotiated service agreements (NSAs) where the Postal Service did not rely on actual piece-level weight and zone data to calculate cost coverage. For each such NSA, please identify the payment method(s) used to collect revenue under that NSA and whether the failure to collect actual piece-level weight and zone data is a technical limitation of the payment method(s) used. For each NSA where the failure to collect actual piece-level weight and zone data is not a result of technical limitations of the payment methods used, please identify the specific contractual or operational provisions that prevented the Postal Service from collecting actual piece-level weight and zone data.

RESPONSE:

The following contracts use non-eVS PostalOne as the payment method, for part or all of their volume. This payment method does not store individual piece-level detail. Instead, the Postage Statement stores the average information by product for each transaction. For example, consider a scenario in which 100 weight-rated pieces are in one transaction with an average weight of 8 pounds and zone 4, but are actually distributed across weights and zones. All pieces in this transaction would be assigned to 8 pounds and zone 4 on the Postage Statement.

Class	Contract Number	MC Docket	CP Docket / PMNPR ID	Payment Method(s) Used	Data used for NP27 Profile
Priority Mail	Priority Mail Contract 548	MC2019-191	CP2019-214	PostalOne	Filing Document Volume
Priority Mail	Priority Mail & First-Class Package Service Contract 4	MC2015-48	CP2015-60	Scan Based Payment, PostalOne	Filing Document Volume
Priority Mail	Priority Mail Contract 406	MC2018-101	CP2018-143	Scan Based Payment, PostalOne	Filing Document Volume

The next set of customers use scan-based payment (SBP) for returns. The Postal Service collects samples of these pieces every month and uses them to calculate

revenue and weight in PostalOne. These samples were used to distribute First-Class Package Service and Parcel Return Service to weight and zone for the first time in FY2019. This method was not applied to Priority Mail in time for production of USPS-FY2019-NP27. Samples will be used to produce Priority Mail profiles in FY2020.

Class	Contract Number	MC Docket	CP Docket / PMNPR ID	Payment Method(s) Used	Data used for NP27 Profile
Priority Mail	Priority Mail 465	MC2018-220	CP2018-306	Scan-Based Payment	Filing Document Volume
Priority Mail	Priority Mail & First-Class Package Service Contract 105	MC2019-159	CP2019-179	Scan-Based Payment	Filing Document Volume

Lastly, two customers have uniform pricing. These are contracts where a group of weight increments get the same price across zones. The data systems are putting the data in the highest weight increment for a given price regime. Using these data underestimates cost coverage. For Priority Mail Contract 77, Product Tracking Report (PTR) contains actual weight and zone for more than half of the pieces. PTR will be used for this partner profile going forward. For Priority Mail & First-Class Package Service Contract 80, the filing document profile will continue to be used.

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Class	Contract Number	MC Docket	CP Docket / PMNPR ID	Payment Method(s) Used	Data used for NP27 Profile
Priority Mail	Priority Mail Contract 77	MC2014-18	CP2014-31	PC Postage	Filing Document Volume
Priority Mail	Priority Mail & First-Class Package Service Contract 80	MC2018-152	CP2018-218	eVS	Filing Document Volume

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2. Please explain whether actual weight and zone data will be collected for all packages via the Package Platform system once it is fully deployed. Please also specify the expected date by which the Package Platform system will be fully deployed.

RESPONSE:

Once package platform is fully deployed, we expect to have weight information on approximately 50 percent of packages. With respect to zones, actual zones will be calculated by Package Platform based on acceptance/first scan locations (Origin ZIP Code) and delivery locations (Destination ZIP Code).

No date has yet been established by which Package Platform is expected to be fully deployed.

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3. Please provide the sampling data required to be filed with the Annual Compliance Report as specified by Order Nos. 4964 and 4974.[1]

RESPONSE:

The requested data have been filed under seal as part of USPS-FY19-NP34.

[1] *See* Docket Nos. MC2019-62 and CP2019-67, Order Adding Parcel Return Service Contract 11 to the Competitive Product List, January 3, 2019, at 7 (Order No. 4964); Docket Nos. MC2019-64 and CP2019-69, Order Adding Parcel Select & Parcel Return Service Contract 7 to the Competitive Product List, January 8, 2019, at 7 (Order No. 4974).

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4. Please provide revenue, volume, weight, volume variables costs, and attributable costs data for the following 128 Competitive domestic NSA products, as filed for other Competitive domestic NSA products in Library Reference USPS-FY19-NP27, December 27, 2019. If the data are not available, please explain.

Contract	MC Docket	CP Docket	Expiration Date
First-Class Package Service Contract 42	MC2016-74	CP2016-91	January 16, 2019
First-Class Package Service Contract 46	MC2016-103	CP2016-131	March 30, 2019
First-Class Package Service Contract 48	MC2016-111	CP2016-139	April 7, 2019
First-Class Package Service Contract 50	MC2016-117	CP2016-148	April 12, 2019
First-Class Package Service Contract 57	MC2016–155	CP2016-218	June 29, 2019
First-Class Package Service Contract 59	MC2016-171	CP2016-249	August 2, 2019
First-Class Package Service Contract 62	MC2016-197	CP2016-281	September 26, 2019
First-Class Package Service Contract 65	MC2017-14	CP2017-30	November 7, 2019
First-Class Package Service Contract 71	MC2017-62	CP2017-90	January 5, 2020
First-Class Package Service Contract 72	MC2017-72	CP2017-98	January 8, 2020
First-Class Package Service Contract 73	MC2017-89	CP2017-118	February 15, 2020
First-Class Package Service Contract 76	MC2017-117	CP2017-168	April 26, 2020
First-Class Package Service Contract 81	MC2017-203	CP2017-310	September 24, 2020
Parcel Select Contract 12	MC2016-37	CP2016-46	January 1, 2019
Parcel Select Contract 14	MC2016-102	CP2016-130	March 31, 2019
Parcel Select Contract 16	MC2016–147	CP2016-184	June 7, 2019
Parcel Select Contract 19	MC2017-66	CP2017-94	January 5, 2020
Parcel Select Contract 26	MC2018-44	CP2018-74	December 11, 2020
Parcel Select Contract 28	MC2018–72	CP2018-112	January 2, 2021
Priority Mail & First-Class Package Service Contract 8	MC2016-34	CP2016-40	December 23, 2018
Priority Mail & First-Class Package Service Contract 10	MC2016-58	CP2016-73	January 7, 2019
Priority Mail & First-Class Package Service Contract 11	MC2016-62	CP2016-77	January 7, 2019
Priority Mail & First-Class Package Service Contract 16	MC2016-105	CP2016-133	March 31, 2019
Priority Mail & First-Class Package Service Contract 18	MC2016-129	CP2016-163	May 11, 2019
Priority Mail & First-Class Package Service Contract 21	MC2016-165	CP2016-239	July 20, 2019

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Priority Mail & First-Class Package Service Contract 25	MC2016-174	CP2016-253	August 31, 2019
Priority Mail & First-Class Package Service Contract 26	MC2016-177	CP2016-256	August 24, 2019
Priority Mail & First-Class Package Service Contract 27	MC2016-183	CP2016-263	August 28, 2019
Priority Mail & First-Class Package Service Contract 28	MC2016-184	CP2016-264	August 28, 2019
Priority Mail & First-Class Package Service Contract 29	MC2016-188	CP2016-271	September 15, 2019
Priority Mail & First-Class Package Service Contract 30	MC2016-189	CP2016-272	September 15, 2019
Priority Mail & First-Class Package Service Contract 37	MC2017-25	CP2017-45	December 6, 2019
Priority Mail & First-Class Package Service Contract 39	MC2017-36	CP2017-61	December 15, 2019
Priority Mail & First-Class Package Service Contract 44	MC2017-145	CP2017-204	June 14, 2020
Priority Mail & First-Class Package Service Contract 47	MC2017-154	CP2017-218	June 21, 2020
Priority Mail & First-Class Package Service Contract 51	MC2017–173	CP2017-274	August 15, 2020
Priority Mail & First-Class Package Service Contract 63	MC2018-37	CP2018-67	December 6, 2020
Priority Mail & First-Class Package Service Contract 75	MC2018-124	CP2018-169	January 15, 2021
Priority Mail & First-Class Package Service Contract 76	MC2018-127	CP2018-173	February 25, 2021
Priority Mail & Parcel Select Contract 1	MC2016-113	CP2016-141	April 11, 2019
Priority Mail & Parcel Select Contract 2	MC2017-13	CP2017-29	November 6, 2019
Priority Mail Contract 133	MC2015-67	CP2015-98	October 18, 2018
Priority Mail Contract 136	MC2015-72	CP2015-110	November 8, 2018
Priority Mail Contract 149	MC2016-8	CP2016-10	November 2, 2018
Priority Mail Contract 155	MC2016-19	CP2016-25	December 8, 2018
Priority Mail Contract 156	MC2016-22	CP2016-28	December 16, 2018
Priority Mail Contract 158	MC2016-24	CP2016-30	December 16, 2018
Priority Mail Contract 159	MC2016-25	CP2016-31	December 16, 2018
Priority Mail Contract 160	MC2016-29	CP2016-35	December 20, 2018
Priority Mail Contract 161	MC2016-30	CP2016-36	December 22, 2018
Priority Mail Contract 167	MC2016-41	CP2016-50	February 16, 2019
Priority Mail Contract 170	MC2016-47	CP2016-62	January 6, 2019
Priority Mail Contract 171	MC2016-48	CP2016-63	January 6, 2019
Priority Mail Contract 172	MC2016-49	CP2016-64	January 11, 2019
Priority Mail Contract 174	MC2106-52	CP2016-67	February 16, 2019
Priority Mail Contract 178	MC2016-60	CP2016-75	January 7, 2019

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Priority Mail Contract 179	MC2016-63	CP2016-78	January 7, 2019
Priority Mail Contract 180	MC2016-64	CP2016-79	January 7, 2019
Priority Mail Contract 189	MC2016-83	CP2016-108	March 9, 2019
Priority Mail Contract 191	MC2016-85	CP2016-110	March 9, 2019
Priority Mail Contract 194	MC2016-91	CP2016-116	March 16, 2019
Priority Mail Contract 196	MC2016-95	CP2016-120	March 23, 2019
Priority Mail Contract 198	MC2016-99	CP2016-127	March 30, 2019
Priority Mail Contract 204	MC2016-114	CP2016-145	April 12, 2019
Priority Mail Contract 211	MC2016-126	CP2016-160	May 11, 2019
Priority Mail Contract 217	MC2016-134	CP2016-171	June 5, 2019
Priority Mail Contract 218	MC2016-135	CP2016-172	June 5, 2019
Priority Mail Contract 220	MC2016-143	CP2016-180	June 7, 2019
Priority Mail Contract 229	MC2016–159	CP2016-230	July 10, 2019
Priority Mail Contract 232	MC2016-178	CP2016-257	August 25, 2019
Priority Mail Contract 233	MC2016-179	CP2016-258	August 24, 2019
Priority Mail Contract 235	MC2016-190	CP2016-273	September 15, 2019
Priority Mail Contract 238	MC2016-193	CP2016-276	September 21, 2019
Priority Mail Contract 239	MC2016-199	CP2016-283	September 26, 2019
Priority Mail Contract 242	MC2016-203	CP2016-292	October 5, 2019
Priority Mail Contract 251	MC2017-9	CP2017-24	October 18, 2019
Priority Mail Contract 252	MC2017-10	CP2017-25	November 6, 2019
Priority Mail Contract 253	MC2017-11	CP2017-26	November 6, 2019
Priority Mail Contract 254	MC2017-15	CP2017-31	November 16, 2019
Priority Mail Contract 259	MC2017-26	CP2017-51	December 6, 2019
Priority Mail Contract 261	MC2017-28	CP2017-53	December 14, 2019
Priority Mail Contract 264	MC2017-31	CP2017-56	December 14, 2019
Priority Mail Contract 265	MC2017-32	CP2017-57	December 15, 2019
Priority Mail Contract 266	MC2017-41	CP2017-66	December 21, 2019
Priority Mail Contract 267	MC2017-42	CP2017-67	December 26, 2019
Priority Mail Contract 281	MC2017-61	CP2017-89	December 26, 2019
Priority Mail Contract 287	MC2017-77	CP2017-104	January 10, 2020

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Priority Mail Contract 290	MC2017-84	CP2017-113	January 31, 2020
Priority Mail Contract 293	MC2017-87	CP2017-116	February 15, 2020
Priority Mail Contract 297	MC2017-95	CP2017-135	February 15, 2020
Priority Mail Contract 303	MC2017-104	CP2017-151	March 29, 2020
Priority Mail Contract 308	MC2017-115	CP2017-166	April 6, 2020
Priority Mail Contract 313	MC2017-122	CP2017-173	April 26, 2020
Priority Mail Contract 314	MC2017-124	CP2017-176	May 7, 2020
Priority Mail Contract 316	MC2017-128	CP2017-181	May 10, 2020
Priority Mail Contract 321	MC2017-136	CP2017-194	May 24, 2020
Priority Mail Contract 322	MC2017-137	CP2017-195	June 1, 2020
Priority Mail Contract 325	MC2017-140	CP2017-199	June 1, 2020
Priority Mail Contract 338	MC2017-166	CP2017-246	July 16, 2020
Priority Mail Contract 352	MC2017-188	CP2017-289	August 30, 2020
Priority Mail Contract 354	MC2017-196	CP2017-297	September 20, 2020
Priority Mail Contract 370	MC2018-9	CP2018-16	September 27, 2020
Priority Mail Contract 375	MC2018-26	CP2018-51	November 6, 2020
Priority Mail Contract 377	MC2018-32	CP2018-62	January 4, 2021
Priority Mail Contract 399	MC2018-70	CP2018-110	December 20, 2020
Priority Mail Contract 408	MC2018-103	CP2018-145	January 3, 2021
Priority Mail Contract 422	MC2018-126	CP2018-172	January 31, 2021
Priority Mail Express & Priority Mail Contract 3	MC2016-186	CP2016-267	September 11, 2019
Priority Mail Express & Priority Mail Contract 23	MC2016-26	CP2016-32	December 16, 2018
Priority Mail Express & Priority Mail Contract 31	MC2016-182	CP2016-262	August 28, 2019
Priority Mail Express & Priority Mail Contract 34	MC2016-187	CP2016-268	September 12, 2019
Priority Mail Express & Priority Mail Contract 38	MC2017-38	CP2017-63	December 21, 2019
Priority Mail Express & Priority Mail Contract 42	MC2017-73	CP2017-100	January 9, 2020
Priority Mail Express & Priority Mail Contract 47	MC2017-123	CP2017-174	May 7, 2020
Priority Mail Express & Priority Mail Contract 53	MC2018-33	CP2018-63	November 30, 2020

Priority Mail Express & Priority Mail Contract 54	MC2018-49	CP2018-80	December 18, 2020
Priority Mail Express Contract 31	MC2016-61	CP2016-76	January 7, 2019
Priority Mail Express Contract 36	MC2016-175	CP2016-175	June 6, 2019
Priority Mail Express Contract 40	MC2016-169	CP2016-247	August 2, 2019
Priority Mail Express Contract 41	MC2016-180	CP2016-259	August 24, 2019
Priority Mail Express Contract 51	MC2018-10	CP2018-17	October 26, 2020
Priority Mail Express Contract 52	MC2018-16	CP2018-32	October 26, 2020
Priority Mail Express, Priority Mail & First-Class Package Service Contract 9	MC2016–78	CP2016-103	February 28, 2019
Priority Mail Express, Priority Mail & First-Class Package Service Contract 11	MC2017-4	CP2017-4	October 11, 2019
Priority Mail Express, Priority Mail & First-Class Package Service Contract 13	MC2017-22	CP2017-42	November 16, 2019
Priority Mail Express, Priority Mail & First-Class Package Service Contract 18	MC2017-131	CP2017-185	May 16, 2020
Priority Mail Express, Priority Mail & First-Class Package Service Contract 19	MC2017-132	CP2017-187	May 21, 2020
Priority Mail Express, Priority Mail & First-Class Package Service Contract 37	MC2018-154	CP2019-223	March 7, 2021

RESPONSE:

No FY2019 data exist for the listed NSAs, except for PME-PM-FCPS Contract 37, which appears to have been listed with an incorrect docket number. Data for PME-PM-FCPS Contract 37 were provided in the NP27 folder in Docket No. ACR2019. For the remaining contracts, it appears from the Postal Service's records that those contracts were terminated prior to FY2019. Any data relevant to those contracts would have already been filed in the ACRs in previous years.

The contracts at issue were all terminated prior to the establishment in May 2019 of the Postal Service's enhanced internal procedures for tracking and reporting early

terminations. It appears that the reporting of those early terminations was missed due to the previous inadequate internal processes described in the USPS Notice in Response to Order No. 5053 (filed May 10, 2019) and the USPS Report in Response to Order No. 5053 (filed July 9, 2019). Going forward, the Postal Service remains committed to following the enhanced procedures subsequently adopted, and is confident that timely notices have been filed with the Commission over the past nine months. Thus, there should be far fewer instances of apparent discrepancies between the Commission's list of active NSAs and the Postal Service's ACR data in the future.

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5. The Postal Service states that 21 international contracts did not cover their attributable costs and that "almost all of them have expired or are about to expire." FY 2019 ACR at 68. Please identify these contracts and their expiration dates.

RESPONSE:

With the revisions to USPS-FY19-NP2 (Revised 1/10/20) NSA Summary.xls, 20 contracts did not cover their attributable costs, of which 18 have expired or are about to expire. The complete list is shown below, and the two TBD End Dates are the contracts that are not expired or about to expire.

Docket	Serial Number	End Date
CP2017-213		10/31/2018
CP2017-266		10/31/2018
CP2018-21		10/31/2018
CP2018-115		11/30/2018
CP2018-185		11/30/2018
CP2018-47		11/30/2018
CP2018-56		11/30/2018
CP2018-99		12/31/2018
CP2017-152	NPR12-FY18-MAR18-M-T4-0404	4/30/2019
CP2018-260	NPR14-FY19-JAN19-N-T7-0218	6/30/2019
CP2018-260	NPR14-FY19-OCT18-N-T4-0036	6/30/2019
CP2018-170	NPR13-FY18-MAY18-M-T7-0127	7/31/2019
CP2018-269		7/31/2019
CP2018-260	NPR14-FY19-OCT18-MN-T6-0138	10/31/2019
CP2017-238		1/31/2020
CP2018-161		1/31/2020
CP2018-260	NPR14-FY19-DEC18-M-T7-0273	3/31/2020
CP2018-96		6/30/2020
CP2009-28		TBD
CP2015-52		TBD

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6. The Postal Service states that it is "reviewing the applicable data" for the Inbound Air Parcel Post at non-UPU Rates product. *Id.* at 67-68. Please provide an update on the status of this review and any new information that this review has produced. If the review has not been completed, please identify a timeline for this review.

RESPONSE:

One factor for the increase in costs for the Inbound Air Parcel Post at non-UPU Rates product was the change in distribution of mixed mail tallies for city carriers in-office in IOCS. This change was described in the Preface to USPS-FY19-37, p. 1, and is discussed further in the response to ChIR No. 4, Q9. This change resulted in an increase in the costs for all parcel shapes delivered by city carriers, including Air Parcel Post.

Another factor contributing to the increase in costs resulted from the data recorded in one anomalous trip in the TRACS-Highway system. Although this trip belonged to the Inter-SCF mode based on the GL Account, it was incorrectly classified as such due to the fact that it was a long-haul trip of over 1700 miles between two Network Distribution Centers. Transportation purchasing was informed of the misclassification of trip and currently in the process to update to the correct Inter-NDC GL number. The distance for this trip, much longer compared to average inter-SCF trips, gave all mail on this trip much greater than average weight. Among the mail that was sampled were several parcels that were identified as Air Parcel Post, parcels whose cube was quite large compared to average Air Parcel Post. The great distance of the trip within the Inter-SCF mode combined with their larger than average cube led to a significant increase in the transportation costs for the Air Parcel Post product.

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7. Please *see* Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of the Preface of USPS-FY19-NP34.

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8. Please *see* Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of the Preface of USPS-FY19-NP34.

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9. The Postal Service states that "a shift among parcels costs resulted from new shape-based data collection procedures." *Id.*

a. Please confirm that the new shape-based data collection procedures referred to above affect all of the Postal Service's products with parcel-shaped pieces.

i. If confirmed, please list all products with costs affected by the new shape-based data collection procedures. Please specify the cost segments affected by the new shape-based data collection procedures.

ii. If not confirmed, please specify products with costs affected by the new shape-based data collection procedures. Please specify the cost segments affected by the new shape-based data collection procedures.

b. Please provide any training materials and policy memos that detail how the data collection procedures changed.

c. If applicable, please specify completely any In-Office Costing System (IOCS) Statistical Analysis System (SAS) programming changes related to the new shape-based data collection procedures.

d. If applicable, please specify completely any IOCS data collector questions and options that were modified related to the new shape-based data collection procedures.

e. If applicable, please specify completely any IOCS-related workbook formula changes and the workbook tabs if modifications were made related to the new shape-based data collection procedures.

RESPONSE:

a. Confirmed. The table below lists the products that are affected by distribution of mixed mail tallies for carriers:

Product
003 FC SP Letters
004 FC SP Cards
008 FC Prst Letters
009 FC Prst Cards
016 FC SP Flats
017 FC Prst Flats
019 FC SP Parcels

021 STD ECR HD/SAT Letters
022 STD ECR HD/SAT Flats
023 STD ECR Carrier Route
024 EDDM-R
025 STD REG Letters
026 STD REG Flats
027 STD REG Parcels
031 PER In County
032 PER Outside County
042 PKG BPM Flats
043 PKG BPM Parcels
044 PKG Media
085 USPS
086 Free Mail
140 Express
143 FC Package Service
145 Standard Post
148 Priority
151 PKG Parcel Select
154 PKG Parcel Return Se
170 PFS
185 International

The international product group includes the following international mail products.

011 FCMI - Canada
101 FCMI - Rest of World
112 FCMI Cards
108 FCPIS - Canada
109 FCPIS - Rest of World
116 Global Express Guaranteed
012 PMEI - Canada
102 PMEI - Rest of World
104 PMI - Canada
053 PMI - Rest of World
115 IPA
105 ISAL
114 International Direct Sacks-M-Bags
072 Foreign Origin - Surface LC/AO Canada - Letters and Flats
182 Foreign Origin - Surface LC/AO Rest of World - Letters and Flats
075 Foreign Origin - Surface LC/AO Canada - Packets
175 Foreign Origin - Surface LC/AO Rest of World - Packets
183 Foreign Origin - Surface PP
077 Foreign Origin - Air LC/AO Canada - Letters and Flats
187 Foreign Origin - Air LC/AO Rest of World - Letters and Flats
078 Foreign Origin - Air LC/AO Canada - Packets
178 Foreign Origin - Air LC/AO Rest of World - Packets

188 Foreign Origin - Air PP
189 Foreign Origin - Air Express
181 Foreign Origin - Air Xpresspost-USA
186 Foreign Origin - Air Expedited Parcels-USA

Cost segment 6, City Carriers In-Office, is affected directly. Cost segments that are piggybacked on city carrier costs, namely cost segments 2, 11, 12, 13, 15, 18 and 20, are affected indirectly.

b. Statistical Programs Letters and training material that describe the new questions added to the data collection instrument are provided in the USPS-FY19-46.

c. Programming changes are all in SAS program ALB040, provided in USPS-FY19-37, In-Office Cost System; see lines 862-880 and 883-894. These involve new variables Q21D02CRA, Q21D02CRB, Q21D02CRC, and Q21B03CR, which are listed in workbook IOCSDataDictionaryFY19.xlsx, also provided in USPS-FY19-37.

d. Two new questions, Q21B3.Cr and Q21D2.Cr were added to the data collection instrument. Both are specified, including the program flow for the user, in workbook IOCSDataEntryFlowchartFY19.xlsx, sheet "Q20,Q21(Clerk&Carrier),22,24,25", which is also provided in USPS-FY19-37.

e. Not applicable.

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10. Please refer to Library Reference USPS-FY19-45, December 27, 2019, file "Part B Narratives.pdf," at 11, where the Postal Service states "minimizing costs (including workhours) in manual processing remains a challenge." Please explain the challenges involved in reducing manual processing costs in FY 2019.

RESPONSE:

Manual mail remains a challenge because every location where mail is processed, be it by automated or mechanized operations, must also contain a manual mail operation. For each of our automated or mechanized systems, manual mail is generated from mechanical rejects. While there are processes in place to flow the rejects back into the operation, some of this mail is bent or torn and can no longer be placed back on the machine and must be handled manually. Other times human error is involved. Part of the challenge also arises from the stochastic nature of the demand for manual processing labor resources, particularly in light of limitations in some instances on the ability to expand or contract those labor resources on very short notice. The Postal Service continues to review equipment, techniques and procedures to improve and control manual operations.

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11. Please refer to Library Reference USPS-FY19-45, file "Paragraph (f) Report.pdf," at 13, where the Postal Service describes the Mailer Irregularity Application. This Application identifies mailers who have entered mail with irregularities, and provides mailers with access to their data via their mailer scorecard. Please provide the impact of this program on bundle breakage during its pilot period.

RESPONSE:

The pilot period primarily allows verification of data reception/comparison and flushing out of the visualization required for the mailer scorecard. The Postal Service is currently providing feedback to customers on the issues observed. In contrast, measurements of impacts are scheduled later in FY 2020, after the next phase of deployment in March to all external users.

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12. Please refer to Library Reference USPS-FY19-45, file "Paragraph (b) Financial Report," file "Section b Data," Excel file "FY19.Rule.3050.50.Para.B.xlsx," tab "Item b7-b," which shows the percentages of flat-shaped mail that receive manual processing and the percentage of flat-shaped mail that receive automation prices. The data show that 15 percent of USPS Marketing Mail Flats are sorted manually, but 96 percent pay automation prices.[2] In addition, the data show that 14 percent of First-Class Mail Flats Presort are sorted manually, but 98 percent pay automation prices.[3]

a. Please explain what specific efforts the Postal Service is taking to ensure that automation pieces are not being sorted manually.

b. Please explain what specific efforts the Postal Service is taking to ensure that mail that must be processed manually is paying the appropriate price.

c. Does the Postal Service have a specific goal for FY 2020 to reduce the percentage of mail that pays automation prices, but receive manual processing? If so, please provide that goal.

RESPONSE:

a. The Postal Service has processes in place to ensure that automation pieces are not unnecessarily being sorted manually. These include the placement of a gatekeeper work assignment in the manual section(s) to assist with mail flow. Gatekeeper duties include ensuring that automation compatible mail does not inappropriately flow into manual work areas.

b. The question appears to be based on a premise that it is generally inappropriate for mail receiving manual processing to pay automation rates. There are several reasons why such a view would be incorrect. Automation compatibility may have

[2] *See* Library Reference USPS-FY19-45, file "Paragraph (b) Financial Report," file "Section b Data," Excel file "FY19.Rule.3050.50.Para.B.xlsx," tab "Item b7-b," cells I21 and G52.

[3] *See* Library Reference USPS-FY19-45, file "Paragraph (b) Financial Report," file "Section b Data," Excel file "FY19.Rule.3050.50.Para.B.xlsx," tab "Item b7-b," cells I33 and G53.

value even for pieces receiving manual processing ex post by improving address quality and limiting variations in certain physical characteristics that may facilitate efficient processing in both the automation and manual mailstreams. The Postal Service believes the overall efficiency of the mailstream would be adversely affected by reducing incentives for mailers to produce automation-compatible mail.

A primary reason why automation-rate mail receives manual processing is the lack of coverage for automated incoming secondary processing for specific zones. Many such pieces (depending on presort level) will have benefited from upstream processing on automated equipment, including automated bundle processing for flat-shape mail. Another major reason for manual processing of automation-rate pieces is automation reject flows, where automated processing of such pieces will at least have been attempted (if not succeeded) at some stage(s) of processing. Moreover, the extents of both automation coverage and reject flows are taken into account in the cost avoidance models, so cost avoidances take into account the major causes of manual processing of automation-rate mail. By extension, the worksharing discounts based on those cost avoidances reflect the extent of manual processing for such pieces.

The Postal Service observes that, by its nature, manual processing currently is untrackable outside of the parcel mailstream. Thus, it is not possible to identify specific pieces that are processed manually, even assuming assessing a higher rate was desirable. The causes of rejects are likely to be idiosyncratic, and automation pieces likely to be rejected will not be identifiable in advance. Finally,

other pricing objectives and factors of the PAEA may militate against charging higher rates for pieces addressed to zones without automation coverage.

c. The Postal Service does not have a specific goal for FY2020 to reduce the percentage of mail paying automation rates but receiving manual processing.

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13. Please refer to Library Reference USPS-FY19-45, file "Paragraph (d) Operational Cost," file "Data," Excel file "FY19.Rule.3050.50.Para.D.xlsx." Please provide a revised analysis that incorporates a per-piece or unit cost by operationally relevant grouping analysis. If a per-piece or unit cost analysis is not available, please explain the obstacles in providing the analysis.

RESPONSE:

A unit cost analysis is not available. The central obstacle is that there is no single basis for computing valid and useful unit costs based on the total cost data provided in the cited Excel workbook. The limitations of three main approaches to unitizing the data are discussed below.

RPW volumes are not generally indicative of the operational groupings used by the constituent products. For instance, for unitizing automated flat processing volumes, total RPW volume (including substantial volumes of non-flat-shape products) will not necessarily provide an accurate depiction of cost trends for processing flat-shape pieces. Using shape-specific volumes may mitigate such issues in highly shape-specific operations (e.g., letter automation), but is less useful in cases where mail of multiple shapes may be processed together (e.g., platform operations) or in representing the extent to which operations may be used to process mail other than the primary shape (e.g., letter-shape pieces processed in flat operations). This approach also will not necessarily indicate differences in the intensity with which specific products' volumes use various operations.

Operational workloads such as MODS data (e.g., total pieces handled [TPH], total pieces fed [TPF]) also have limitations, notably that the workloads are only subject to direct measurement for automated operations where direct piece counts are available

from mail processing equipment. Such unit costs would be closely related to aggregates of the productivity data in folder USPS-FY19-23, though based on costs rather than workhours. As with the productivity data, the effects of changes in particular costs per unit of workload on product will be somewhat indeterminate, as it depends on the extent to which processing of the product employs the operations. Outside of automated mail processing, workloads for the operation groups may rely on conversions from other measurements, proxy workload measures, and in some cases may not exist. Thus, comprehensive sets of unit costs using this approach may not be possible.

Finally, it is possible to compile unit product cost trend data from USPS-FY19-26 and its predecessors, with aggregation of the unit costs from cost pools to operation groups. Since these data depend on IOCS sample-based distribution keys to assign volume-variable costs to products, they are not based on census-type data. Unit product costs for subsets of mail processing cost pools will have considerably higher sampling variability than the total mail processing cost estimates for which coefficients of variation are reported in USPS-FY19-37. Thus, interpretation of the data will be difficult, as "true" changes in costs observed at fine levels of operational detail will be relatively difficult to distinguish from sampling error.

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14. Please refer to Library Reference USPS-FY19-45, file "Paragraph (f) Report.pdf."

a. Please explain when and why the Flats Sequencing System (FSS) Scorecard was retired. *Id.* at 3.

b. Please provide the throughput per hour of the FSS in FY 2018 and FY 2019.

c. Please provide the nationwide finalization rate on the FSS in FY 2019. *Id.* at 5.

d. Please provide the FSS "mail pieces at risk" percentage for FY 2019.

e. Please provide the increase in FSS volumes due to the FSS Delivery Point Compression (DPC) initiative. *Id.* at 6.

f. Please provide the increase in throughput that resulted from the DPC initiative. *Id.*

g. Please explain the outcome of the Automated Flats Sorting Machine (AFSM) Certification process. *Id.* at 9. Specifically, please provide the percentage of plants that failed to achieve and maintain target level performance under the six identified metrics. In addition, please explain the steps the Postal Service took if a plant failed the AFSM Certification process.

RESPONSE:

a. The Flats Sequencing System (FSS) Scorecard was retired in FY 2019 because the four metrics plus others are now incorporated into a new scorecard.

b. The throughput per hour of the FSS in FY 2018 was 7,708 and 7,543 in FY 2019.

c. The national finalization rate on the FSS in FY 2019 reported in tab "Item b6" in the Excel file provided in the "Section b Data" subfolder of USPS-FY19-45 was 78.6 percent.

d. The mail pieces at risk percentage was 4.7 percent in FY 2019.

e. Due to the circumstance of still being in the early stages of development, we are unable to determine specific volume performance.

f. Due to the circumstance of still being in the early stages of development, we are unable to determine specific throughput performance.

g. The initial outcome of the Automated Flats Sorting Machine (AFSM) Certification process showed 66.5 percent of the plants failed to achieve and maintain target level performance across the six metrics. Additional information and guidance was provided to enable sites to reach and maintain target performance. Weekly meetings are being held with sites that are not achieving target performance.

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15. In the FY 2018 Annual Compliance Determination, the Commission explained that it "anticipates that the data reporting will lead to the development of measurable goals to decrease the costs and improve the service of flats."[4] For each nation-wide category listed below, please provide any FY 2020 goals developed by the Postal Service, what operational initiatives will enable the Postal Service to achieve that goal, and the likelihood that the goal will be achieved. If the Postal Service has not developed a goal, please explain why the development of a goal was not necessary.

a. FSS DPS percentage;

b. Manual sorting percentage;

c. Bundle breakage;

d. AFSM 100 productivity;

e. Work in Process (WIP) metrics;

f. First-Class Mail Root Cause Point impact;

g. On-time departure percentage;

h. On-time arrival percentage;

i. Space utilization by container type;

j. Average load percentage; and

k. Last mile impact.

RESPONSE:

a. The Headquarters Functional Review Team is working toward establishing measurable goals for the FSS DPS percentage metric. The team intends to establish these goals in FY 2020.

b. There is no goal for the manual sorting percentage. We do not scan individual pieces in the manual flats environment so there is no way to determine performance. As stated in response to Question 12 of this

[4] Docket No. ACR2018, Annual Compliance Determination Report, Fiscal Year 2018, April 12, 2019, at 223.

Information Request, the Postal Service has a process in place to ensure that the volume of manual mail is minimalized to the extent possible under the entirety of circumstances.

c. The Headquarters Functional Review Team is currently working toward establishing measurable goals for the broken bundles percentage metric. The team intends to establish these goal in FY 2020.

d. The target productivity for AFSM 100 is as follows:

- 2,335 pieces per work hour (pph), for AFSM 100 (AFSM)
- 3,682 ppc for AFSM with Automatic Induction (AI)
- 2,647 pph. for AFSM with Automatic Tray Handling System (ATHS)
- 7,054 pph for AFSM with AI/ATHS

The Postal Service plans to continue to use the AFSM certification process to ensure sites remain focused on achieving these targets.

e. The target goals for Work in Process (WIP) for Marketing Mail Flats is driven by the Color Code Policy, which ensures the timely processing, dispatch and delivery of Marketing Mail within established service standards. Processing Operations is currently working towards developing a target cycle time for other Flat Mail products.

f. Our goals are performance driven. The Root Cause reports help us identify failure points. Our goal is to drive performance to eliminate any failure that is within our control.

g. The national goal for on-time departure is 100 percent. Headquarters has issued a directive that all trips will depart on time. Our Surface Visibility tool allows us to monitor this goal.

h. The national goal for on-time arrival is 100 percent. Although there is a headquarter directive that all trips depart on time, there are circumstances outside of our control, including but not limited to weather, road closures, contractor failures, that may impact our arrival performance.

i. Mail Transport Equipment (MTE) is a system of containers used to hold mail during processing or transportation within or between facilities by the Postal Service, its customers, or contractors. While there is no national goal for the space used by each container type, *Handbook PO-502*, Mail Transport Equipment, provides the policies and procedures, including utilization, for all MTE.

j. The national goal for the average load is 60 percent. This goal is reported and monitored in the Daily Utilization Heat Map tool within Surface Visibility.

k. The national target for last mile impact is 1 percent. This goal is reported and monitored in the Last Mile Diagnostics tool in Informed Visibility.

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16. The Postal Service previously identified specific steps it is taking to avoid remail through Group IV countries.[5] These include monitoring inbound volumes to detect remail and cross-functional collaboration to "identify, mitigate, communicate, and, if necessary, hold and invoice for the remail from the dispatching country." Docket No. CP2019-155, Response to CHIR No. 1, question 4. Furthermore, the Postal Service states that it "sends notices to origin postal operators with options, charges, rate calculations, and deadlines to the respective foreign postal operators." *Id.*

a. Please identify the countries from which the Postal Service detected and invoiced for remail in FY 2018 and FY 2019 as a result of these steps.

b. Please provide the amount of additional revenue from remail for which the Postal Service invoiced in FY 2018 and FY 2019 as a result of these steps.

RESPONSE:

a. In FY2018 and FY2019, the Postal Service targeted 14 countries for remail. When remail is detected from a country, notices have been sent, consistent with Universal Postal Convention article 12.4, notifying that the Postal Service reserves the right to charge more, which may be the higher of (a) a specified percentage of the domestic tariffs or (b) otherwise applicable terminal dues rates, if the remail does not stop. This has been an effective means of stopping the remail. In FY 2019, the Postal Service sent follow-up notices to three countries, and those countries are identified in the nonpublic version of the response to this question submitted under seal in USPS-FY19-NP34. The other countries were not sent follow-up notices, as they agreed to stop their remail activity.

[5] Docket No. CP2019-155, Responses of the United States Postal Service to Questions 1-10 of Chairman's Information Request No. 1, June 7, 2019, question 4 (Docket No. CP2019-155, Response to CHIR No.1).

b. In FY 2019, the Postal Service received payment from one country, and is still in negotiations with two other countries to determine the amount to be paid for remail. Further details are provided in the nonpublic version of the response to this question submitted under seal in USPS-FY19-NP34.

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17. Please *see* Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of the Preface of USPS-FY19-NP34.

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18. Please *see* Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of the Preface of USPS-FY19-NP34.

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19. Please refer to Library Reference USPS-FY19-40, Preface.[6] The Postal Service states that "[t]he [Rural Mail Count (RMC)] database contains the most recent evaluation for each rural route. The March 2018 dataset has 75,177 records. Each record represents an active rural route and it includes the type of route…." *Id.* at 2. The RMC dataset contains the variable "RTTYPE" and it is used to group evaluated and other rural routes.[7] In a United States Postal Service Office of Inspector General Audit Report, it explains that on "H routes - carrier works 6 days a week; J routes - carrier has a relief day every other week; K routes - carrier has a relief day every week; auxiliary routes - carrier works 6 days a week, normally evaluated at less than 39 hours per week; mileage routes - carrier salary is based on the length of the route as determined by the official measurement; and high-density L routes - carrier has a density of 12 boxes or more per mile, as verified by a mail count."[8]

a. Please confirm that in the RMC dataset, route evaluations with a route type "K" in the "RTTYPE" variable, the weekly data were counted for 5 days of each week (for the number of weeks identified in the "CNTLEN" variable). If not confirmed, please explain how many days in each week, weekly data were counted for the route type identified as "K" in the RMC dataset.

b. Please confirm that in the RMC dataset, route evaluations with route types "H" and "A" in the "RTTYPE" variable, the weekly data were counted for 6 days of each week (for the number of weeks identified in the "CNTLEN" variable). If not confirmed, please explain how many days in each week, weekly data were counted for route types identified as "H" and "A" in the RMC dataset.

c. Please confirm that in the RMC dataset, route evaluations with a route type "J" in the "RTTYPE" variable, the weekly data were counted for 5 days for one week and 6 days in the second week (for the number of weeks identified in the "CNTLEN" variable). If not confirmed, please explain how many days in each week, weekly data were counted for the route type identified as "J" in the RMC dataset.

d. Please confirm that the "RTTYPE" value of "M" is not found in the 2018 March RMC dataset, and please explain the reason(s) why. If mileage routes are included in the 2018 March RMC dataset, please specify how

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[6] Library Reference USPS-FY19-40, December 27, 2019, file "USPS-FY19-40.Preface.pdf" (Preface).

[7] *Id.* at 3-5. The SAS log shows the code for route types used to group evaluated and other rural routes, specifically: "IF RTTYPE = 'H' OR RTTYPE = 'J' OR RTTYPE = 'K' THEN TYPE = 'EVAL;'" "ELSE IF RTTYPE = 'A' OR RTTYPE = 'M' THEN TYPE = 'OTHR.'" *Id*. at 5.

[8] Office of Inspector General United States Postal Service, *Rural Delivery Operations – Mail Count and Timekeeping Processes,* Audit Report Number DR-AR-14-001, December 13, 2013, at 1 n.3, available at: *https://www.uspsoig.gov/sites/default/files/document-library-files/2015/dr-ar-14-001.pdf*.

they can be identified and how many days of the week the route is evaluated. If not evaluated or included in the 2018 March RMC dataset, please explain the reason(s) why.

e. For routes that are designated as a high density route in the RMC SAS code,[9] please specify how many days in each week (for the number of weeks identified in the "CNTLEN" variable) the count is conducted.

RESPONSE:

a. Not confirmed. Route evaluations with a route type "K" are counted 6 days in each week during the Rural Mail Count.

b. Confirmed.

c. Not confirmed. Route evaluations with a route type "J" are counted 6 days in each week during the Rural Mail Count.

d. Confirmed. "M" routes are not included in the RMC dataset because the salary is determined under the Rural Carrier Schedule (RCS), which provides a combined rate based on fixed annual compensation and specified rates per mile of route. Each rural carrier's salary is based on the length of the route as determined by the official measurement. The cost impacts of "M" routes are immaterial as there is only one existing "M" route currently in operation.

[9] These appear to be identified by using the "LSTATUS" variable in the RMC dataset. *See* Library Reference USPS-FY19-40, Preface, at 6, SAS log lines 144-148.

e. Routes that are identified as a high density route are counted 6 days in each week during the Rural Mail Count.

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20. For each rural route type, please identify completely the determining factors that distinguish the designation of the route type.

RESPONSE:

The determining factor for classifying rural routes is the evaluated hours of the route. Rural routes classified as route type "H" include routes that have between 40 and 46 evaluated hours, route type "J" include routes that have between 41 and 46 evaluated hours and rural route type "K" include routes that have between 40 and 48 evaluated hours. Any rural carrier whose route may be classified in more than one evaluated classification may elect the higher route classification if requirements stated within the National Labor Agreement are met.

Rural routes classified as route type "A" are auxiliary routes which are typically created to relieve overburdened routes or to accommodate route expansion that cannot be handled by adding segments to existing routes. Auxiliary routes can have between 12 and 57 evaluated hours and are usually converted to regular routes after reaching 42 evaluated hours.

Rural routes are no longer designated as "M", or mileage, routes. The "M" classification applies to only one existing route for which the rate of compensation on the basis of the mileage compensation schedule exceeds the rate of compensation based on the evaluated schedule. "M" routes have been phased out through conversion to evaluated status.

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Standard Hours	Evaluated Hours	Route Classification
39:30 – 46:29	40 – 46	H Route (No Relief Days)
44:11 – 50:43	41 – 46	J Route (Relief Day Every Other Week)
47:24 – 57:36	40 – 48	K Route (Relief Day Each Week)
Over 11:30	12 – 57	Auxiliary Route

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21. The Rural Carrier Cost System (RCCS) SAS dataset shows that in FY 2019 Quarter 4, there were 79,088 rural routes.[10] This is a difference of 3,911 routes since the last RMC count was conducted in March 2018.[11] Please explain the reason(s) for the difference.

RESPONSE:

The difference of routes in the RMC dataset and the RCCS SAS dataset is due to the addition of new rural routes. The established methodology has the RMC dataset updated only when a complete Rural Mail Count occurs. The last complete Rural Mail Count began in February 2018, so rural routes established after then are not included in the 2018 RMC dataset.

[10] Commission analysis of the "MASTER" variable in the RCCS SAS dataset provided in Library Reference USPS-FY19-35, December 27, 2019, SAS dataset "rccs_z_acr_public_fy19_final.sas7bdat."

[11] Library Reference USPS-FY19-40, Preface, at 2.

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22. For new rural routes activated since the March 2018 RMC was conducted, please describe the types of routes, how the type is determined, and the number in each type of rural route. If this information is unknown, incomplete or unavailable, please explain the reasons why and the process and schedule for when and how new routes are evaluated or determined.

RESPONSE:

A total of 78,861 rural routes were active at the end of FY 2019.[12] The additional routes were either "K" routes - carrier has a relief day every week or auxiliary "A" routes - carrier works 6 days a week. The new rural route type is classified as an auxiliary route if it was created from an overburdened route or to accommodate route expansion that cannot be handled by adding segments to existing routes. Otherwise, the new route is determined using established methodology of blending the route types of the parent route(s) from the most recent mail count. New routes are formally evaluated as resources permit.

Route Type	FY 2019 Route Count	2018 RMC Route Count	Difference
A	7,501	6,277	1,224
H	4,520	4,938	(418)
J	6,962	7,437	(475)
K	59,877	56,525	3,352
M	1	-	1
Total	**78,861**	**75,177**	**3,684**

[12] The number of routes changes throughout the year. In USPS-FY19-17, it was reported that there were 79,404 rural routes in effect. For the purposes of answering this question, a snapshot was taken at the end of FY 2019 and a distribution of routes by type was provided in the table.

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23. For each rural route type, please specify the type or type(s) of rural carriers that typically service the route for all and on some days of the week.

RESPONSE:

Regular rural carriers typically service route types "H", "J", and "K". Substitute Rural Carriers typically service route type "J" once a pay period and service route type "K" once a week, while regular carriers service these routes the remaining days of the pay period or week. Rural Carrier Associates typically service "A" route types.

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24. The RMC dataset contains the variables "TOTHRS" and "ACTLHRS."[13]

a. Please explain the difference between these two variables.

b. Please explain the reason(s) why a route's "ACTLHRS" total is higher than the total shown in the "TOTHRS" variable for the route.[14]

c. Please confirm that the values in the "ACTLHRS" and "TOTHRS" variables are the sum of the entire route evaluation period (which can span over several weeks).[15]

RESPONSE:

a. The variable "ACTLHRS" represents the weekly average of the actual hours worked during the Rural Route Mail Count. The variable "TOTHRS" represents the evaluated weekly hours of the route based on route workload and the evaluation factors.

b. The actual time will be greater than the evaluated time when a carrier spends a longer amount of time, on average, on an activity than what is allotted in the evaluation factors.

c. Not confirmed. The values in the "ACTLHRS" variable are the weekly average of the actual hours worked during the evaluation period while the values in the "TOTHRS" variable are the evaluated weekly hours of the route.

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[13] *Id.* at 4, SAS log lines 77 and 79.

[14] Commission analysis of the March 2018 RMC dataset provided in Library Reference USPS-FY19-40, folder "USPS-FY19-40_Rural_MC.Files," data "FY2018.March.RMCFlat.DATA."

[15] The Postal Service uses the value in the "CNTLEN" variable to develop weekly values. *See* Library Reference USPS-FY19-40, Preface, at 5-6, SAS log lines 112-136.

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25. Please provide the instructions, forms and any training materials for conducting the most recent Rural Mail Count.

RESPONSE:

Instructions, forms and training materials are provided in USPS-FY19-46.

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26. Please refer to the description of the Internal Service Performance Measurement (SPM) system's measurement approach for delivery service between the Gateway cities and less populous/more remote areas of the Alaska, Caribbean, and Honolulu districts appearing in Library Reference USPS-FY19-29, December 27, 2019, file "FY19-29 Offshore Special Study.pdf," at 1-2. Please confirm that this measurement approach is subject to the external auditing program for Internal SPM system.[16] If confirmed, please identify all audit measures relevant to the subject matter of the special study required by 39 C.F.R. § 3055.7. If not confirmed, please explain.

RESPONSE:

Not confirmed; there are no specific audit measures for the Offshore Special Study.

The Offshore Special Study report is completed every two years and data are a subset of the overall service performance measurement of domestic market dominant products.

As such, the data are already subject to the external auditing performed on Internal Service Performance Measurement by the third party.

[16] *See, e.g.*, United States Postal Service, Transmittal letter for FY 2019 Q4 Audit Report, Audit Response, and Measured/Unmeasured Volumes Report, November 26, 2019, file "FY19 Q4 Audit Valid.pdf."

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27. Please refer to the description of the use of the 1-percent threshold to identify statistically significant differences of delivery service between the Gateway cities and less populous/more remote areas of the Alaska, Caribbean, and Honolulu districts appearing in Library Reference USPS-FY19-29, file "FY19-29 Offshore Special Study.pdf," at 6.

a. Please explain how this threshold differs from the margin of error approach, which is currently under development in the Internal SPM system.

b. Please identify the expected timeframe for implementing the planned change to the margin of error approach in future analysis.

RESPONSE:

a. The 1 percent threshold is an estimate that serves as a proxy for a calculated margin of error. Once developed, the calculated margin of error for each score may result in thresholds greater or less than 1 percent.

b. The margin of error approach is planned to be implemented in FY20 and will be leveraged for the next reporting period for this report.

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28. The Postal Service describes the deployment of service improvement teams in FY 2019 to "work[] with local plant personnel to physically connect the failure data with the [breakdown in] process." Library Reference USPS-FY19-29, file "FY19-29 Service Performance Report.pdf," at 7. Please provide a narrative response explaining how the Postal Service ensures that local sites adhere to this training and instruction post-deployment. In the response, please provide examples of any best practices and/or lessons learned that drive correction or abatement of failures, if applicable.

RESPONSE:

Postal Service management provides the correct processes to follow and ensures employees have the tools to perform the work. By providing clear goals, and by providing informative feedback on their successes and opportunities for improvement, the Postal Service expects that, as employees see their efforts changing their performance scores, they are further motivated to action. USPS Headquarters recently wrote a message to an Area that was not performing to expectation. The message was written to the Area Vice President and included all District and plant managers within the Area. The message asked the Area to push harder - personnel were reminded that they have the tools to drive their performance and should work to do so. The following week's scores were much improved. Focusing on performance will continue to drive performance.

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29. The Postal Service states that headquarters personnel began using the "Grid" initiative in FY 2019, which is a "visualization timeline used to indicate where plants are experiencing delays in mail processing." *Id.* Please provide a narrative response explaining how the Postal Service ensures that local sites take action to correct or abate delays identified using the Grid. In the response, please provide examples of any best practices and/or lessons learned that drive adherence to processing schedules, if applicable.

RESPONSE:

A tracking mechanism was developed, and it contains all failure points and action items necessary to correct service failure patterns and process failures identified within the service analysis Grid. Tracked items include names of process owners and those at the local level who will be responsible for implementing the changes. Due dates and completion dates are assigned to each item. Follow up is done via various methods, such as through email, telephone, and site visits. Headquarters and Area personnel use tools within Informed Visibility to continuously review progress.

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30. Please refer to Library Reference USPS-FY19-29, Excel file "FY19 ACR FCM Q1-2-4-5 EOY.xlsx," tab "Q4."

a. Please detail any changes to the measurement of critically late trips (CLTs) between FY 2018[17] and FY 2019.

b. Please confirm that the description provided in Docket No. ACR2017, Responses of the United States Postal Service to Questions 1-19 of Chairman's Information Request No. 2, January 17, 2018, question 7.b.iii remains accurate and reflects the practice used in FY 2019. If not confirmed, please explain and provide any applicable updated description.

c. Please explain the reason(s) why the number of CLTs reported for FY 2019 increased from the number of CLTs reported for FY 2018 and FY 2017.

RESPONSE:

a. There have been no changes to the measurement of critically late trips (CLTs) between FY 2018 and FY 2019.

b. Confirmed.

c. The number of CLTs reported for FY 2019 increased from the number of CLTs reported for FY 2018 and FY 2017 due to increased scanning performance.

[17] *See* Docket No. ACR2018, Library Reference USPS-FY18-29, December 28, 2018, Excel file "ACD.FCM.FY18Q3Q4.public - v01.xlsx," tab "Q4c."

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31. Please refer to Library Reference USPS-FY19-29, Excel file "FY19 ACR FCM Q1-2-4-5 EOY.xlsx," tab "Q5."

a. Please detail any changes to the measurement of each of the national operating plan targets (also referred to as the 24-Hour Clock national clearance goals) between FY 2018[18] and FY 2019.

b. Please confirm that each response provided in Docket No. ACR2018, Responses of the United States Postal Service to Questions 1-15, 17-50 of Chairman's Information Request No. 1, January 11, 2019, question 47.a through 47.h (Docket No. ACR2018, Response to CHIR No. 1) remains accurate and reflects the definitions applied in FY 2019. If not confirmed, please explain and provide any applicable updated definitions.

RESPONSE:

a. The target for Trips on-time between 00:00-07:00 changed from 88 percent in FY 2018 to 90 percent in FY 2019.

b. Confirmed.

[18] *See* Docket No. ACR2018, Library Reference USPS-FY18-29, Excel file "ACD.FCM.FY18Q3Q4.public - v01.xlsx," tab "Q1a."

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32. Please refer to the discussion of the need for delivery units to comprehend the differences between reporting mail as delayed, late, or curtailed appearing in Library Reference USPS-FY19-29, file "Southern Service Report FINAL.pdf," at 7.

a. Please define each of these reporting classifications.

b. Please explain how any differences between these reporting classifications (and misclassification) affect service performance reporting and analysis.

RESPONSE:

a. "Delayed" is defined as preferential mail that remains in the delivery operation after the carriers have left the office to deliver. "Late" is defined as mail committed for the current day's delivery that arrived 15 minutes or more after the regularly scheduled arrival of the Dispatch of Value (DOV). "Curtailed" is defined as mail that is retained in the delivery operation for delivery within the service commitments.

b. Failure to accurately report classifications affects service performance. Proper analysis can lead to the prevention of and correction for a mail flow issue, which exists between mail processing and delivery, and about which Operations leadership may not be aware. Recording classifications correctly helps determine where the failure occurs, in order for Operations personnel to establish countermeasures and activities to ensure timely improvement.

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33. Please refer to the discussion of the "Vital Few" locations appearing in Library Reference USPS-FY19-29, file "Southern Service Report FINAL.pdf," at 8-9.

a. Please identify the "Vital Few" locations for each of the top five indicators in FY 2019.

b. Please specify the criteria for being classified as a "Vital Few" location including all measurements and data in support of this analysis.

c. Please specify whether this classification of "Vital Few" is generally applicable to all types of mail or specific to any particular categories of mail such as class(es), product(s), shape(s), presorted or single-piece, and/or origin or destination entry.

RESPONSE:

a. For the First Mile indicator, Vital Few locations were as follows: Alabama, Fort Worth, and Dallas districts, which each achieved -0.9 percent, ranking them as the highest impact among the 12 districts in the Southern Area.

For the Last Mile indicator, Vital Few locations were as follows: Houston, which achieved -2.2 percent; South Florida, which achieved -1.8 percent; and Dallas, Gulf Atlantic, Alabama, Suncoast, and Louisiana, which each achieved -1.7 percent.

For the Originating Processing indicator, the Vital Few locations were Dallas (0.12 percent), Suncoast (0.11 percent), and Gulf Atlantic (0.10 percent).

For the Incoming Processing indicator, Vital Few locations were Dallas (1.39 percent), Houston (0.88 percent), and Gulf Atlantic (0.67 percent).

For the Transit indicator, Vital Few locations were Dallas (12.37 percent), Houston (6.90 percent), and Gulf Atlantic (6.63 percent).

b. For the First Mile indicator, Districts with the greatest impact score, measured from the scan made when the piece was collected, to the first process scan at the origin plant, were classified as Vital Few locations.

For the Last Mile indicator, Districts with the greatest impact score, measured from when the mail piece received its last processing event, to when the actual delivery event occurred, were classified as Vital Few locations.

For the Ongoing Processing indicator, Districts with the greatest impact score, measured when a mail piece receives a scan at origin facility, but where timing of secondary scan does not coincide with proper mail flow, were classified as Vital Few locations.

For the Incoming Processing indicator, Districts with the greatest impact score, measured when a mail piece receives a scan at destinating facility, after the dispatch of value (DOV), were classified as Vital Few locations. The DOV is the initial dispatch routing after the origin facility clearance time that will arrive at the destination facility to meet the respective critical entry time, in order to meet service commitments.

For the Transit indicator, Districts with the greatest impact score, measured when reviewing transit scan occurrences between the origin facility and destinating facility, were classified as Vital Few locations.

c. For the First Mile and Last Mile indicators, Vital Few classification is applicable to letters and flats, but not parcels and packages.

For all other indicators, Vital Few Classification is generally applicable to all types of mail. The specific categories are letters, cards, and flats. The categories are broken down to Marketing Mail, First-Class, Single-Piece, Periodicals, and Package Service Flats.

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34. Please refer to the discussion of "the identification of ten vital pairs that had the greatest impact on the national-level service performance" for First-Class Mail with a 3-5-Day service standard appearing in Library Reference USPS-FY19-29, file "Eastern Service Report FINAL.pdf," at 4.

a. Please identify the ten vital pairs identified for FY 2019.

b. Please specify the criteria for being classified as a "vital pair" including all measurements and data in support of this analysis.

c. Please provide a narrative response explaining how the Postal Service ensures that a "vital pair" maintains the sustained performance at target levels after being removed from the exercise. In the response, please provide examples of any best practices and/or lessons learned that drive correction or abatement of failures, if applicable.

RESPONSE:

a. Here is the FY 2019 vital pairs list:

PAIR
NEWYORK - 100 –-> LOS ANGELES - 900
MINNEAPOLIS - 553 –-> CINCINNATI - 450
SOUTH SUBURBAN - 604 ---> NORTH HOUSTON - 773
PHOENIX - 852 ---> DALLAS - 752
SOUTH SUBURBAN - 604 ---> DALLAS - 752
NORTH TEXAS - 750 ---> NEWYORK - 100
NORTH TEXAS - 750 ---> MIAMI - 331
DOMINICK V DANIELS - 07099 ---> LOS ANGELES - 900
NORTH TEXAS - 750 ---> SANTA ANA - 926
NORTH TEXAS - 750 ---> BROOKLYN - 112
CHARLOTTE - 280 ---> LOUISVILLE - 400

b. The vital pair designation is based upon a combination of service performance and national volume weight contribution between an origin and destination.

c. When a site is able to sustain target-level performance for six consecutive weeks, it is removed from the list. However, by the nature of an ongoing ranking list, no pair is ever really "removed" from the exercise, in that service degradation to previous levels could result in pairs again entering the top ten vital pairs list.

In general, root cause failures were driven by late clearance of outgoing operations at origin sites, resulting in the inability for processed mail to be dispatched on service responsive transportation.

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35. Please refer to Library Reference USPS-FY19-29, Excel file "FY19 Marketing Mail Root Cause.xlsx," tab "Marketing – Root Causes." Please provide the data for FY 2019 disaggregated by induction type, as presented in Docket No. ACR2018, Response to CHIR No. 1, question 33, Excel file "ChIR.1.Multiple.Responses.xlsx," tab "Q33_MKT," column D (e.g., "DEST," "DNDC," "DSCF," and "ORIG.").

RESPONSE:

The requested USPS Marketing Mail root cause data are included in the file "FY19 Marketing Mail Root Cause Entry Type.xlsx" that is provided as part of USPS-FY19-46.

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36. The Postal Service reports that the FY 2019 cost coverage for USPS Marketing Mail Carrier Route fell to 99.7 percent. FY 2019 ACR at 14. It attributes this declining cost coverage to mail moving to lower price categories, an increasing percentage of nonprofit mail, and higher mail processing and delivery costs. *Id.* at 15-16. Please provide a plan to improve the cost coverage of Carrier Route to a compensatory level in FY 2020. The plan should detail all specific plans to reduce Carrier Route attributable costs, as well as a pricing strategy to ensure adequate revenues for the product to cover its attributable costs in FY 2020.

RESPONSE:

The cost coverage reported in the FY 2020 ACD docket will reflect the impact of the Docket No. R2020-1 rate change. If Carrier Route remains a non-compensatory product in subsequent fiscal years, the Postal Service intends to recommend that the Governors increase Carrier Route rates above the class average. The Postal Service will endeavor to work cross-functionally to provide efficient pricing signals to mailers in subsequent price change filings. As noted in the Paragraph (b) Narratives document in USPS-FY19-45, because postal operations are generally structured around shape, rather than around products within a particular shape, it is not feasible to plan for cost reductions specifically targeted at individual products. The broader operational initiatives discussed in the materials provided within USPS-FY19-45 in response to Rule 3050.50(f) comprise the Postal Service's plan to reduce unit attributable costs for flat-shaped products.

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37. In Docket No. R2020-1, the Postal Service proposed, and the Commission approved, a price increase of 1.129 percent for USPS Marketing Mail Carrier Route.[19] Please estimate the impact of the proposed price increase on FY 2020 volume, revenue, cost, and contribution for USPS Marketing Mail Carrier Route. The estimate should use the most recent elasticities provided by the Postal Service to the Commission[20] and support any additional assumptions.

RESPONSE:

To provide the requested FY 2020 estimated impacts, the most recent elasticities provided to the Commission) have been used. At this time, however, rather than the FY 2018 Demand Analysis referenced in the footnote to the question, the most recent elasticities are now those provided in the FY 2019 Demand Analysis, submitted earlier this week on January 21, 2020, and available on the Daily Listings for that date. Moreover, accompanying the FY 2019 Demand Analysis was a volume forecast for FY 2020 that reflects the effects of the Carrier Route rate increase identified in the question. That FY 2020 volume forecast was premised on the actual implementation date in January 2020 for the rate change. To determine the impact of the rate change on volume, an additional forecast was conducted using the same model as included with the FY 2019 Demand Analysis, but assuming no rate change in FY 2020 (the before-rates forecast). Furthermore, to provide a hypothetical estimate of a full year impact (rather than the partial year impact implicit in January implementation), another

[19] Docket No. R2020-1, Order on Price Adjustments For USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 22, 2019, at 9 (Order No. 5321).

[20] See Postal Service Econometric Estimates of Demand Elasticity for All Postal Products, FY 2018, January 28, 2019 (FY 2018 Demand Analysis).

model run was conducted assuming the rate change was implemented at the beginning of October 2019 (the start of FY 2020), rather than in January. Volume estimates associated with each of these three scenarios (including the January implementation scenario volume already submitted with the FY 2019 Demand Analysis) are provided below. Revenue estimates corresponding to each of these volume scenarios are also provided. To calculate the cost impacts, the unit costs for Carrier Route from the FY 2019 CRA Report have been applied to the volumes from each of the three scenarios. Contribution can then be calculated by subtracting total costs from total revenues. Contribution impact, in turn, is measured as the differences between the before-rates benchmark (i.e., no rate increase) contribution estimate and the respective after-rates contribution estimates

(Millions)	FY 2020 Forecast		
Marketing Mail Carrier Route	Before-Rates	After-Rates (Jan)	After-Rates (Oct)
Volume	5,556.97	5,534.33	5,518.35
Revenue	$1,497.61	$1,502.18	$1,504.16
Unit Cost	0.2631	0.2631	0.2631
Total Cost	$ 1,462.26	$ 1,456.30	$ 1,452.09
Contribution	$35.35	$45.88	$52.07
Contribution			
Impact		$10.53	$16.71

These figures indicate that the 1.129 percent rate increase for Carrier Route should improve actual contribution for FY 2020 in the $10-$11 million range, and should produce a full-year improvement in contribution in the $16-$17 million range. It may be noted, however, that these figures are based on FY 2019 CRA unit costs, and thus make no allowance for inflation between FY 2019 and FY 2020. To test how sensitive these estimates might be to different inflation scenarios, the above exercise can be

replicated with unit costs that are increased by specified amounts to represent various inflation estimates. For simplicity, the inflation levels chosen for this exercise are 1 percent and 2 percent. That is to say, unit costs (and thus total costs as well) are increased by 1 or 2 percent, and then contribution and contribution impact are recalculated. The results on contribution impact are shown below.

(Millions)	FY 2020 Contribution Impact		
Marketing Mail Carrier Route	Before-Rates	After-Rates (Jan)	After-Rates (Oct)
FY19 CRA		$10.53	$16.71
1% Inflation		$10.59	$16.82
2% Inflation		$10.64	$16.92

As this exercise demonstrates, the contribution impacts are still in the $10-$11 million and the $16-$17 million ranges. The robustness of these contribution impact estimates to different inflation estimates is explained by the fact that the inflation effects on after-rates contribution are essentially offset by the corresponding effects on the before-rates benchmark contribution. In fact, the higher the assumed level of inflation, the greater the estimated positive impact on after-rates contribution, as the financial effects of shedding additional volume (as a response in quantity demanded to higher rates) are even greater if the unit costs are driven up by inflation. More importantly, however, given the small magnitude of these relative changes, it appears that further efforts to fine tune an inflation estimate for purposes of this particular exercise would not produce any material change in the bottom-line contribution impact estimates requested in this question.

38. In Docket No. R2020-1, the Postal Service proposed, and the Commission approved, a 3.893-percent price increase for USPS Marketing Mail Flats. Order No. 5321 at 9. Please estimate the impact of the proposed price increase on FY 2020 volume, revenue, cost, and contribution for USPS Marketing Mail Flats. The estimate should use the most recent elasticities provided by the Postal Service in the FY 2018 Demand Analysis and support any additional assumptions.

RESPONSE:

Please see the response to Question 37 of this Information Request for an explanation of the methodology and assumptions employed to obtain the requested FY 2020 impact estimates. The corresponding table for the 3.893 percent rate increase for USPS Marketing Mail Flats appears below.

(Millions)	FY 2020 Forecast		
Marketing Mail Flats	Before-Rates	After-Rates (Jan)	After-Rates (Oct)
Volume	3,330.17	3,286.25	3,256.84
Revenue	$1,472.01	$1,487.88	$1,495.08
Unit Cost	0.6041	0.6041	0.6041
Total Cost	$ 2,011.77	$ 1,985.24	$ 1,967.47
Contribution	($539.77)	($497.36)	($472.40)
Contribution			
Impact		$42.41	$67.37

These figures indicate that the 3.893 percent rate increase for Flats should improve actual contribution for FY 2020 in the $42-$43 million range, and should produce a full-year improvement in contribution in the $67-$68 million range. To investigate how inflation might affect these estimates, the same exercise as described in the response to Question 37 was also conducted, with the results shown below.

(Millions)	FY 2020 Contribution Impact		
Marketing Mail Flats	Before-Rates	After-Rates (Jan)	After-Rates (Oct)
FY19 CRA		$42.41	$67.37
1% Inflation		$42.68	$67.81
2% Inflation		$42.94	$68.26

Once again, as was the case with Carrier Route, the varying inflations scenarios hardly alter the contribution impact results when rounded at the million dollar level. The estimated contribution impacts are still in the $42-$43 million and the $67-$68 million ranges. And similar to the results for Carrier Route, higher inflation would be expected to very slightly increase the contribution impact from the rate increase implemented.

39. In Docket No. R2020-1, the Postal Service proposed, and the Commission approved, a 3.913-percent price increase for USPS Marketing Mail Parcels. Order No. 5321 at 9. Please estimate the impact of the proposed price increase on FY 2020 volume, revenue, cost, and contribution for USPS Marketing Parcels. The estimate should use the most recent elasticities provided by the Postal Service in the FY 2018 Demand Analysis and support any additional assumptions.

RESPONSE:

Please see the response to Question 37 of this Information Request for an explanation of the methodology and assumptions employed to obtain the requested FY 2020 impact estimates. The corresponding table for the 3.913 percent rate increase for USPS Marketing Mail Parcels appears below.

(Millions)	FY 2020 Forecast		
Marketing Mail Parcels	Before-Rates	After-Rates (Jan)	After-Rates (Oct)
Volume	34.646	34.543	34.381
Revenue	$48.167	$49.249	$49.722
Unit Cost	2.3035	2.3035	2.3035
Total Cost	$ 79.808	$ 79.571	$ 79.198
Contribution	($31.641)	($30.322)	($29.476)
Contribution			
Impact		$1.319	$2.165

These figures indicate that the 3.913 percent rate increase for Parcels should improve actual contribution for FY 2020 in the $1 million range, and should produce a full-year improvement in contribution in the $2 million range. To investigate how inflation might affect these estimates, the same exercise as described in the response to Question 37 was also conducted, with the results shown below.

(Millions)	FY 2020 Contribution Impact		
Marketing Mail Parcels	Before-Rates	After-Rates (Jan)	After-Rates (Oct)
FY19 CRA		$1.319	$2.165
1% Inflation		$1.322	$2.172
2% Inflation		$1.324	$2.178

Once again, similar to the case with Carrier Route and Flats, the varying inflations scenarios do not alter the contribution impact results when rounded at the million dollar level. The estimated contribution impacts are still in the $1 million and the $2 million ranges. And similar to the results for Carrier Route and Flats, higher inflation would be expected to very slightly increase the contribution impact from the rate increase implemented.

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40. In the FY 2018 ACR, the Postal Service indicated that it was evaluating "combining Flats, Carrier Route Flats, and High Density Flats into a single NonSaturation Flats product."[21] Please provide the status of that evaluation and identify any action(s) taken as a result of that evaluation.

RESPONSE:

If the Governors elect to create a single Non-Saturation Flats product, the Postal Service will file a request to modify the market-dominant product list with the Commission.

[21] Docket No. ACR2018, United States Postal Service FY 2018 Annual Compliance Report, December 28, 2018, at 18.

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41. Please explain whether the prices approved in Docket No. R2020-1 improved the pricing efficiency within the USPS Marketing Mail Flats, Parcels, and Carrier Route products. The explanation should include a discussion of the Postal Service's intentions to improve price signals, such as price differentials or workshare discounts within the products, in order to move mail to lower-cost mail preparation and/or better align discounts with avoided costs.

RESPONSE:

Given that the Docket No. R2020-1 rate change takes effect on January 26, 2020, it is premature to assess whether those prices improved pricing efficiencies within Marketing Mail Flats, Parcels, and Carrier Route. The Postal Service, nevertheless, aimed to improve pricing efficiencies in that docket. For example, the Docket No. R2020-1 prices moved workshare discounts closer to the avoided cost estimates available at the time of filing. As depicted in the table below, within Flats, the Postal Service made progress on the Automation ADC, Automation 3-Digit, and Automation 5-Digit presort discounts.

Due to increases in the FY 2019 cost avoidance estimates, all three passthroughs dropped in Docket No. ACR2019, and will drop compared to their Docket No. R2020-1 levels upon implementation of Docket No. R2020-1 prices.

Flats Presort	Discount	Avoided Cost	Passthrough
Automation ADC Flats	**Benchmark Automation Mixed ADC Flats**		
R2020-1 Baseline	$0.035	$0.060	58.3%
R2020-1 Attachment B	$0.058	$0.060	96.7%
ACR 2019	$0.035	$0.065	53.8%
Next Price Change Baseline	$0.058	$0.065	89.2%
Automation 3-digit Flats	**Benchmark Automation ADC Flats**		
R2020-1 Baseline	$0.074	$0.065	113.8%
R2020-1 Attachment B	$0.065	$0.065	100.0%

ACR 2019	$0.074	$0.086	86.0%
Next Price Change Baseline	$0.065	$0.086	75.6%
Automation 5-digit Flats	**Benchmark Automation 3-digit Flats**		
R2020-1 Baseline	$0.118	$0.129	91.5%
R2020-1 Attachment B	$0.125	$0.129	96.9%
ACR 2019	$0.118	$0.139	84.9%
Next Price Change Baseline	$0.125	$0.139	89.9%

Within Carrier Route, the dropship discounts for Carrier Route Letters for both DNDC and DSCF entry were reduced in Docket No. R2020-1 to bring the passthroughs closer to 100 percent.

Carrier Route Letters Dropship	**Discount**	**Avoided Cost**	**Passthrough**
DNDC	**Benchmark None**		
R2020-1 Basline	$0.025	$0.019	131.6%
R2020-1 Attachment B	$0.023	$0.019	121.1%
ACR 2019	$0.025	$0.021	119.0%
Next Price Change Baseline	$0.023	$0.021	109.5%
DSCF	**Benchmark None**		
R2020-1 Basline	$0.032	$0.023	139.1%
R2020-1 Attachment B	$0.029	$0.023	126.1%
ACR 2019	$0.032	$0.024	133.3%
Next Price Change Baseline	$0.029	$0.024	120.8%

In addition, in Docket No. R2020-1, the Postal Service reduced the discount for Carrier Route pieces on 5-Digit (Pure) Pallets to match its cost avoidance. As shown below, while the passthrough remained at 100 percent in Docket No. ACR2019, the baseline for the next market dominant rate change will be 90.5 percent.

Commercial and Nonprofit Carrier Route Flats (5-Digit Pallets)	**Discount**	**Avoided Cost**	**Passthrough**
CR Flats on 5-Digit Pallets	**Benchmark CR Flats on other Pallets**		
R2020-1 Baseline	$0.021	$0.019	110.5%

R2020-1 Attachment B	$0.019	$0.019	100.0%
ACR 2019	$0.021	$0.021	100.0%
Next Price Change Baseline	$0.019	$0.021	90.5%

Within Parcels, the Postal Service made progress passthroughs closer to 100 percent. An example is provided below for the Parcels Product (Nonprofit).

5-Digit Irregular Parcels	**Benchmark SCF Irregular Parcels**		
	Discount	**Avoided Cost**	**Passthrough**
R2020-1 Baseline	$0.162	$0.910	17.8%
R2020-1 Attachment B	$0.183	$0.910	20.1%
ACR 2019	$0.162	$1.111	14.6%
Next Price Change Basline	$0.183	$1.111	16.5%

The Postal Service will endeavor to work cross-functionally to provide efficient pricing signals both in the areas of presorting and dropshipping in subsequent price change filings.